

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

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Field of Membership Expansion Applications Now Being Accepted

The Division of Credit Unions is now able to again accept and act on field of membership expansion applications. Emergency rules adopted by the Credit Union Commission, effective July 12, 1999, restore to the Division the authority to act on field of membership expansion requests. The Division has not had this authority since August 28, 1998, the effective date of House Bill 1323.

This legislation significantly altered the process for considering and acting on field of membership expansion requests. Credit unions and the Division must now comply with numerous new documentation and procedural requirements. The Division will attempt to act on applications as quickly as possible and make this new process as simple as possible. However, the requirements of this legislation ensure that the process for considering field of membership expansions will be much more complicated and time consuming than in the past.

As credit unions and the Division become more familiar with the requirements of this legislation we should be able to simplify the process. The Division is interested in any suggestions concerning how to simplify or otherwise improve this new process.

Field of Membership Expansion Application Form

The Division has developed a new field of membership expansion application form. This form, documentation requirements, and supplemental information requirements have been developed to provide the Division with all the information required to consider an

expansion request and to ensure compliance with recent amendments to Missouri credit union laws.

Each field of membership expansion request must include a completed application along with all required documentation and supplemental information. A copy of this application form has been included in this mailing. This application form may be also obtained by calling (573) 751-3419 or by visiting our web site <http://www.ecodev.state.mo.us/cu/>.

We plan to reconsider the design of this form and the documentation and supplemental information requirements after we have gained some experience with the new field of membership expansion process. We encourage all interested parties to participate in this project by providing us with comments and/or suggestions concerning this form and the documentation and supplemental information requirements. Suggestions and comments may be mailed, e-mailed, or faxed to the Division of Credit Unions.

Community, Associational, Or Occupational?

Credit unions applying for additions or changes in their field of membership have an important decision to make before the first request is submitted to the Director, Division of Credit Unions. RSMo.370.081 (4) requires a credit union to choose which "type" of credit union they are going to be. Not only will this decision have an immediate effect but also "shall be binding for all future expansions". Basically there are three types of credit unions occupational, associational, or community.

An occupational credit union basically serves groups of employees, an associational serves fraternal, organizational, religious groups, and a community serves those that live/work in a

geographic area. Credit unions **cannot** mix types of field of membership additions. In other words a community credit union **cannot** take an employee group from outside its geographic area, an occupational credit union **cannot** serve those that live/work in the area near the credit union office.

The decision made as to the type of credit union will have a potential limiting effect on future credit union expansions. The gravity of this event cannot be underestimated. The board of directors must consider all relevant factors in reaching this decision. Such things as past field of membership expansions, future potential expansions, credit union goals, and broad-based latitude in those that may be served must be considered. There is no "standard" decision. Each credit union's decision will be unique. The board's decision must be in the form of a motion and voted on by the board. A certified copy of the motion signed by the chairman and secretary must be submitted with the first request for a change in the field of membership. **There is no requirement for a credit union to make this decision unless a change is being submitted for the Director's consideration.**

If you would like to discuss the ramifications of the decision or if we may assist you in any way please call our Jefferson City office. We look forward to resuming approval of credit union field of membership expansion requests in as expeditious a manner as possible.

CREDIT UNION COMMISSION HOLDS FOURTH MEETING

The Credit Union Commission held their fourth meeting June 22nd by telephone conference call. All commission members were present. Representatives from the Missouri Credit Union League, the Department of Economic Development and the Division of Credit Unions were also on the conference call.

The Commission approved the Fiscal Impact Statements for the General Organization, Rules of Procedure, Definitions, Criteria for Additional Membership Groups and Economic Advisability.

The Commission thanked the Division of Credit Unions' staff for their hard work in developing the rules and information required in their support.

The Commission also adopted tentative dates for regular meetings of the commission as the first Thursday of the second month of each quarter. Future meetings are scheduled for August 5, 1999, November 4, 1999, February 3, 2000 and May 4, 2000. Meetings will begin at 10:30 AM.

From the Director

I am pleased that once again expansion of credit unions' fields of membership can proceed. The Division had been working on the wording of the regulations, the process and application form long before I was appointed Director. The Credit Union Commission and the Division's staff have worked diligently since March 1999 to finalize the regulations and their adoption as emergency rules. As we proceed through the comment period for the regular rulemaking process, the final rules may change as the Commission responds to comments received.

The importance of the decision by the credit union board of directors as to the type of the credit union cannot be over emphasized. Contact the Division if we can provide assistance. Commission members and I or members of the Division's staff will be present to explain the application process and receive questions at the Missouri Credit Union League's regulatory compliance network meetings. These meetings are being held on Thursday, July 22nd in Springfield, Tuesday, July 27th in Kansas City, Wednesday, July 28th in Columbia and Thursday, July 29th in St. Louis.

Finally, my thanks to everyone who has assisted in making me feel at home in Missouri. We are now relocated to Jefferson City and thoroughly enjoying Missouri.

John P. Smith, Director